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SUBJECT: IRISH PRIME MINISTER DEFUSES POLITICAL CRISIS

REF: DUBLIN 1119

11. (SBU) Summary: On October 3, Irish Prime Minister Bertie Ahern defused a weeklong political crisis by admitting to parliament that his acceptance of payments from business friends in 1993-4 had been an error in judgment. Ahern's statement preserved his Fianna Fail party's governing coalition with the Progressive Democrats, whose leader, Deputy Prime Minister Michael McDowell, had publicly urged an explanation of the payments. Opposition leaders, however, criticized Ahern for flouting ethical standards for public officials, and they hope that continued coverage of the affair will damage the governing coalition ahead of Ireland's 2007 general elections. End summary.

An Error in Judgment  
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12. (U) In a move that has apparently defused a weeklong government crisis, Irish Prime Minister (Taoiseach) Bertie Ahern told a special parliamentary session on October 3 that his decision to accept roughly 60,000 Irish pounds from business friends in 1993-4 was an error in judgment (reftel). Ahern emphasized that he had not solicited the funds (which helped to defray the legal costs of his marital separation) and that no favors had been requested, or given, in return. He also insisted that the payments had not been illegal nor had fallen afoul of ethics guidelines in effect for public servants at the time. Ahern nevertheless offered apologies, acknowledging that the media's disclosures about the payments had been "upsetting" to the Irish public.

13. (U) In a subsequent public statement, Deputy Prime Minister (Tanaiste) Michael McDowell said that Ahern had not been right to take the payments, but was still fit to remain in office. McDowell indicated that the governing coalition between his Progressive Democrats party and Ahern's Fianna Fail party would stay intact. (McDowell had expressed concern about the viability of the coalition last week in asking Ahern publicly for a detailed explanation of the payments, particularly an 8,000 British sterling contribution from UK-based businessmen. According to press reports, Ahern drafted his parliamentary statement with McDowell's help and repaid most of the payments this past weekend at McDowell's urging.)

Opposition Criticism  
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14. (U) Opposition leaders attending the October 3 parliamentary session criticized Ahern's statement, suggesting that they would continue to pursue the issue. They demanded that Ahern admit he was wrong to accept the money, and they attacked the Progressive Democrats for losing their moral authority in supporting Ahern's explanation. Fine Gael party leader Enda Kenny described Ahern as the

"great evader," and the Greens party leader Trevor Sargent called on Ahern to resign. Labour leader Pat Rabbitte remarked that the affair had damaged the Progressive Democrats in their role as the government's watchdog.

15. (SBU) Comment: For Ahern and McDowell, the immediate crisis for the governing coalition appears to have passed. Public attention will now turn to the legal predicament faced by the Irish Times, which had disclosed the payments following a leak of confidential information from the Mahon Tribunal investigating allegations of illegal contributions to Ahern and other officials. The Irish Times chief editor and lead reporter on the story told the Mahon Tribunal on September 29 that they would not reveal their sources, perhaps placing themselves in legal contempt. While the opposition apparently will no longer attempt to force Ahern's resignation, their hope is that continuing coverage of the affair will cast a pall over the governing coalition as Ireland moves into the 2007 general election campaign.  
KENNY